

## REMARKS

Responding to paragraph 1 of the Office Action, the rejection of claims 20-39 under 35 U.S.C. 101 is respectfully traversed. On page 5 of the Office Action, the Examiner states:

Claims 20-39 have no connection to the technological arts. None of the steps indicate any connection to a computer or technology. Therefore, the claims are directed towards non-statutory subject matter.

This statement is respectfully traversed. Claim 20 is limited to "A computer-implemented method... said computer performing the steps comprising:" Thus, each of the steps in claim 20 is performed by a computer, thereby placing the claimed subject matter within the technological arts by any standard. Nonetheless, as suggested by the Examiner, each of the steps has been amended to make clear that the step is performed by the computer. These amendments do not narrow the claim, but merely clarify limitations already in the claim. Amended claim 20 is in compliance with §101.

Responding to paragraph 2 of the Office Action, the rejection of claims 20-39 and 42 under 35 U.S.C. 103(a) as being unpatentable over O'Shaughnessy (U.S. Patent No. 6,317,726) in view of "India: Financial ratios... 1999" (Businessline) is respectfully traversed. The Examiner points to portions of O'Shaughnessy that teach price appreciation and price to cash flow ratio separately, but not in combination. On page 6 of the Office Action, the Examiner states that O'Shaughnessy teaches:

ranking (sort) at least some of the available securities according to said price appreciation, said price to cashflow ratio and "All value factors"

(which suggests “return on assets ratio” included) to form a group of ranked securities.

The applicants respectfully assert that none of the cited passages of O'Shaughnessy teach or suggest a combination of price appreciation and price to cash flow ratio. Moreover, O'Shaughnessy does not mention return on assets ratio, as the Examiner concedes. C1 L29-31 mention none of the factors to which claim 20 is limited; C9 L27-31 mention only price appreciation among the factors claimed in combination in claim 20; C10 L55-56 mentions only price to cashflow ratio among the factors claimed in combination in claim 20; C14 L17-19 mentions none of the factors claimed in combination in claim 20; C18 L12-46 mentions only one year price appreciation among the factors claimed in combination in claim 20; C15 Table 17-1 mentions none of the factors claimed in combination in claim 20; Table 13A mentions only price appreciation among the factors claimed in combination in claim 20 and Table 14 mentions only price appreciation among the factors claimed in combination in claim 20. In summary, each of the sections relied on by the Examiner teaches at best price appreciation and price to cash flow ratio separately, but not in combination. O'Shaughnessy teaches away from the combination of price appreciation and price to cash flow ratio. In the paragraph from Col. 9, line 66 – Col. 10, line 6, O'Shaughnessy states:

However, just cumulating additional factors does not increase the performance:...More factors do not necessarily mean better performance.

Based on O'Shaughnessy's teaching, one of ordinary skill in the art would be motivated not to combine price appreciation and price to cashflow ratio, because

“cumulating additional factors does not increase the performance.” Thus, O’Shaughnessy teaches that combining price appreciation and price to cashflow ratio would not increase performance.

On page 6 of the Office Action, the Examiner states:

O’Shaughnessy does not disclose calculating a return on assets ratio for each of said available securities. However, Businessline discloses the step to find out the extent of profitability of scrip (securities) [entire article]. It would have been obvious to one of ordinary skill in the art at the time the Applicant’s invention was made to combine the teaching of O’Shaughnessy and Businessline to pickup the best rate scrip (securities) in its peer group with highest evaluation with highest return.

Businessline teaches return on assets ratio, but does not suggest that return on assets ratio be combined with any other factor. Aside from hindsight use of the applicants’ specification, there is no suggestion in either O’Shaughnessy or Businessline to a person of ordinary skill that the specific claimed factors should be combined in the manner claimed. Out of the hundreds of factors that conceivably could be used to select securities, the applicants have found that the combination of price appreciation, return on assets ratio and price to cashflow ratio achieve useful results. Nothing in the references of record teach or suggest this novel combination. As pointed out above, O’Shaughnessy teaches away from combining these factors. Thus, a person of ordinary skill would not be motivated to combine the teaching of O’Shaughnessy with the teaching of Businessline. For all these reasons, claim 20 is allowable.

Claims 21-39 are dependent on claim 20 and are allowable for the same reasons as claim 20. In addition, these claims are limited to additional features not taught or suggested by the references of record.

Regarding claim 21, the Examiner has found no reference that teaches selection of stocks from the Nasdaq 100 index. No reference of record teaches or suggests selecting securities based on a combination of price appreciation, return on assets ratio and price to cashflow ratio, much less making the selection from the Nasdaq 100 index. Thus, claim 21 is allowable.

Claim 22 is limited to:

determining for each of said available securities an average rank comprising the average of the one or more separate price appreciation ranks, separate return on assets ratio rank and separate price to cashflow ratio rank for said security.

Nothing in O'Shaughnessy teaches or suggests such a limitation. On pages 7 and 8 of the Office Action, the Examiner states that O'Shaughnessy teaches:

determining for each of said available securities an average rank comprising the average of the one or more separate price appreciation ranks, separate return on assets ratio rank and separate price to cashflow ratio rank for said security.

The Examiner cites four sections of O'Shaughnessy, but none of them teach or suggest averaging together any two or more stock selection factors, much less an average of the three specific factors described in the claim. Therefore claim 22 is allowable.

Claim 23 is limited to:

wherein said determining comprises determining for each of said available securities an average rank comprising the average of the separate first rate rank, the separate second rate rank, the separate return on assets ratio rank and the separate price to cashflow ratio rank.

Nothing in O'Shaughnessy teaches or suggests this novel limitation. The sections cited by the Examiner do not teach or suggest averaging together ranks of any factors used to select securities, much less averaging together price appreciation for two different time periods as described in the claim. Thus, claim 23 is allowable.

Claim 24 is limited to a method of selecting stocks wherein the predetermined factors consist only of the three factors claimed in claim 20, i.e., price appreciation, return on assets ratio and price to cashflow ratio. The sections of O'Shaughnessy cited by the Examiner all rely on factors in addition to those described in claim 24: C9 L27-31 (price earnings ratio); C10 L55-56 (price to book and dividend yield); C14 L17-19 (price earning ratio); C18 L12-46 (price to sales ratio); C15 Table 17-1 (price to sales ratio) and Tables 13A and 14 (price earnings ratio). Since none of these sections teach or suggest predetermined factors consisting only of the three factors claimed in claim 20, claim 24 is allowable.

Claim 30 is allowable for the same reasons as claim 23.

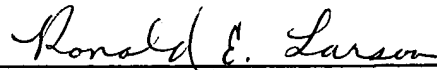
Claim 42 is limited in a manner analogous to claim 20 and is allowable for the same reasons as claim 20.

Responding to paragraph 3 of the Office Action, the Examiner's statement that consideration of the references not relied on by the Examiner is required under 37 CFR 1.111(c) is respectfully traversed. Since the references are not relied on, are not cited against any claim and are not used to reject any claim, the references are not "cited" within the meaning of 37 CFR 1.111(c), and therefore, no consideration is required. In addition, 37 CFR 1.111(c) applies only to a reply to a rejection of claims. Since the references not relied on are not used to reject any claims, 37 CFR 1.111(c) requires no response to them and no consideration of them.

In summary, claims 20-39 and 42 are in condition for allowance, and such action is respectfully requested.

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Respectfully submitted,



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